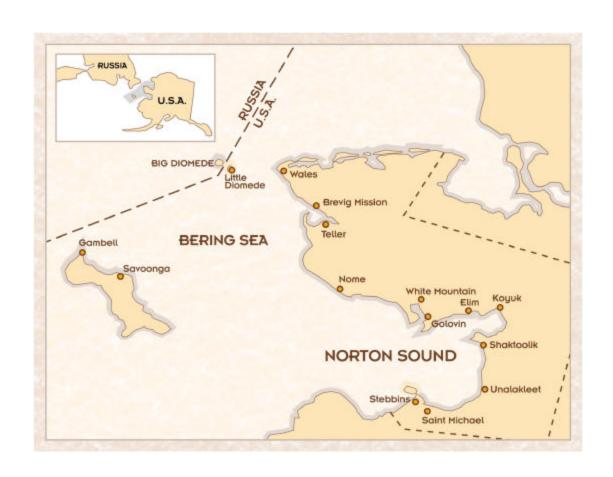
2003 THIRD QUARTER REPORT July 1 – September 30, 2003





NORTON SOUND ECONOMIC DEVELOPMENT CORPORATION

420 L Street, Suite 310 Anchorage, AK 99501 Phone: (907) 274-2248 Fax: (907) 274-2249

Table of Contents

I.	Quarterly Highlights	1
II.	Community Development	2
	A. Progress Toward Goals, Objectives, Milestones Administrative CDQ Harvest Management Fund for Purchase of Equity Interest Funding for Harvesting and Tendering Vessel Fund for IFQ Purchases Education, Employment and Training Program – Education & Training Component Education, Employment and Training Program - Employment Component Education Endowment Revolving Loan Program Fisheries Development Program Salmon Rehabilitation and Enhancement Program Shoreside Infrastructure Improvements Program CDQ Fees Norton Sound Seafood Products Norton Sound Vessel Management Community Outreach Program Other Fund Management Board Training Substance Abuse Prevention	2 2 3 4 5 5 6 6 8 8 8 9 9 10 10 10 11 11
	Community Benefit Share A. Outreach	12 13
	 B. Employment	14 14 15 17 17
III.	Administration	18
	A. Board Activities Board of Director Meetings Substantial Decisions Board Meeting Minutes	18 18 18 18

	B.	State of Alaska Reporting Compliance	18
	C.	Amendment Status	18
IV.	Har	vesting Report	19
	A.	Pollock and Multi-species CDQ Harvest Activities by Target Fishery	19
	B.	CDQ Fishing Activities	33
	P	ollock	33
	P	acific Cod	34
		ablefish	34
	Greenland Turbot		
	Atka Mackerel		
		Yellowfin Sole and Rock Sole	35
		Ialibut	35
		Sering Sea Opilio Crab	36 36
	Norton Sound Red King Crab		
	Bristol Bay Red King Crab		
		t. Matthew Blue King Crab	36
	E	Sering Sea Bairdi Crab	36
V.	Cor	fidential Issues	36
	A.	Financial Statements	36
	B.	Tax Issues	37
	C.	Imminent Major Investments	37
	D.	Other	37

I. Quarterly Highlights

- NSEDC standing committees held their 2003 second quarter meetings in Nome on July 23 24, 2003.
- NSEDC Board of Directors held their 2003 second quarter meetings in Nome on July 24 25, 2003.
- Glacier Fish Company held their quarterly management meeting on September 18, 2003.
- NSEDC awarded \$78,121 to fifty-nine residents in post-secondary scholarships during the third quarter of 2003.
- NSEDC awarded \$6,250 to five residents in vocational scholarships during the third quarter of 2003.
- Thirty-two residents of member communities or of nearby communities worked on the *F/V Northern Glacier*, *F/V Pacific Glacier* and the *F/V Norton Sound* earning a total of \$165,283.27 in wages in the third quarter.
- A total of twenty-one internships were sponsored by NSEDC during the third quarter. Internships were sponsored at Kawerak, Inc. (4), ADF&G (5), Glacier Fish Company (1), Nome District Attorney's Office (1), NSEDC Norton Sound Fisheries R & D (4), NSEDC Administration (1) Native Village of Unalakleet (2) and the Bering Strait School District (3).
- NSEDC/NSSP purchased a total of 182,206 lbs. of Norton Sound red king crab in Nome from sixteen fishermen for a total ex-vessel value to the fishermen of \$536,313 during the third quarter.
- NSEDC received a CDQ Norton Sound red king crab allocation of 9,450 lbs. for 2003. NSEDC/NSSP purchased a total of 2,565 lbs. in the pre-open access season and 4,045 lbs. after the open access for a total ex-vessel value to eleven fishermen of \$31,461.
- NSEDC/NSSP purchased a total of 163,581 lbs of Norton Sound salmon (23,564 lbs of chums & 140,017 lbs of cohos) from twenty-nine fishermen for a total ex-vessel value to the fishermen of \$66,542.25.
- NSEDC/NSSP purchased a total of 64,749 lbs. of Area 4D/4E CDQ Halibut in Nome from nine fishermen for a total ex-vessel value to the fishermen of \$161,872.50 during the third quarter.
- The NSEDC Norton Sound Fisheries Research & Development Program continued in the third quarter conducting three projects: Juvenile Coho Production and Distribution Project, Juvenile Chum Ecology Project and the Chum and Coho Fecundity Project. These three projects were in addition to financially sponsoring projects with ADF&G, Kawerak, Inc., Native Village of Unalakleet and the Bureau of Land Management.

1

II. Community Development

A. Progress Toward Goals, Objectives, Milestones

Administrative

MILESTONE: NSEDC BOARD OF DIRECTORS WILL HOLD REGULARLY SCHEDULED MEETINGS DURING EACH QUARTER IN 2003-2005

Activity: NSEDC Board of Directors held their 2003 second quarter meetings

in Nome on July 23 - 24, 2003.

MILESTONE: NSEDC WILL HAVE AN ANNUAL AUDIT TO BE COMPLETED BEFORE MAY 31 OF 2003-2005

Activity: NSEDC contracted with KPMG to conduct the NSEDC 2002

Annual Audit, which was completed prior to May 31st.

MILESTONE: NSEDC WILL PREPARE AND SUBMIT AN ANNUAL BUDGET FOR THE FOLLOWING YEAR, NOT LATER THAN THE END OF THE FIRST QUARTER OF EACH YEAR.

Activity: NSEDC submitted an annual budget for 2003 in December of 2002.

MILESTONE: NSEDC WILL PREPARE A CORPORATE ANNUAL REPORT FOR ITS MEMBERS, AND MAIL IT TO RESIDENTS IN THE FIFTEEN MEMBER COMMUNITIES BY THE THIRD QUARTER OF 2003-2005

Activity: The NSEDC 2002 Corporate Annual Report was completed and

mailed to residents in NSEDC's fifteen member communities in the

second quarter of 2003.

MILESTONE: NSEDC WILL PROVIDE STAFF TRAINING EACH YEAR, NOT LATER THAN THE END OF THE FOURTH QUARTER

Activity: No activity this quarter.

MILESTONE: NSEDC WILL FILE QUARTERLY REPORTS TO THE STATE OF ALASKA WITHIN THIRTY DAYS OF THE END OF EACH CALENDAR QUARTER

Activity: Quarterly reports for the second quarter of 2003 were submitted to

the State of Alaska on July 30, 2003.

MILESTONE: NSEDC WILL FILE AN ANNUAL REPORT TO THE STATE OF ALASKA BY MAY 31 OF EACH YEAR

Activity: The NSEDC 2002 Annual report was submitted to the State of

Alaska on January 31, 2003.

MILESTONE: NSEDC WILL SUBMIT AN OMNIBUS BUDGET PLAN AMENDMENT, BY THE END OF THE SECOND QUARTER OF EACH YEAR

Activity: NSEDC sent a notice to the State of Alaska on August 4, 2003 to

inform them that NSEDC would not be amending our 2003 budget.

CDQ Harvest Management

MILESTONE: BY THE END OF THE THIRD QUARTER OF THE YEAR 2005 NEGOTIATE NEW HARVEST AGREEMENTS FOR ALL MULTISPECIES CDQ.

Activity: No activity this quarter.

MILESTONE: NSEDC AND GFC WILL HARVEST IT CDQ POLLOCK ALLOCATION, AS MUCH AS PRACTICABLE WITHOUT OVER-HARVEST, BY THE END OF EACH FISHING SEASON.

Activity: During the third quarter, NSEDC with our partner GFC harvested

18,028 metric tons of CDQ pollock using the F/V Pacific Glacier

and the *F/V Northern Glacier*.

MILESTONE: NSEDC AND ITS HARVEST PARTNERS FOR CRAB WILL HARVEST ITS CDQ ALLOCATIONS, AS CLOSE AS REASONALBY POSSIBLE WITHOUT OVER-HARVEST, OF CRAB BY THE END OF THE FISHING SEASON EACH YEAR FOR EACH SPECIES.

Activity: Norton Sound Fishermen harvested 4,045 lbs. of CDQ Norton

Sound red king crab during the third quarter. There was no other

direct harvest of other CDQ crab species.

MILESTONE: NSEDC AND ITS HARVESTING PARTNERS FOR PACIFIC COD, GREENLAND TURBOT, AND SABLEFISH WILL HARVEST ITS CDQ ALLOCATIONS, AS MUCH AS PRACTIVABLE WITHOUT OVER-HARVEST, BY THE END OF THE FISHING SEASON EACH YEAR FOR EACH SPECIES.

Activity: NSEDC, GFC and NSV harvested aapproximately 512 metric tons

of CDQ Pacific cod using the F/V Norton Sound (GFC) and the F/V

Glacier Bay (NSV) during the third quarter of 2003.

MILESTONE: NSEDC AND ITS HARVESTING PARTNER FOR ROCK SOLE WILL HARVEST ITS CDQ ALLOCATION, AS MUCH AS PRACTICABLE WITHOUT OVERHARVEST, BY THE END OF THE FISHING SEASON EACH YEAR.

Activity: There was no directed harvest of rock sole and/or other flatfish

fisheries during the third quarter of 2003.

MILESTONE: NSEDC AND ITS HARVESTING PARTNER FOR ATKA MACKEREL WILL HARVEST IT CDQ ALLOCATION, AS MUCH AS PRACTICABLE WITHOUT OVER-HARVEST, BY THE END OF THE FISHING SEASON EACH YEAR.

Activity: There was no directed harvest of Atka mackerel during the third quarter of 2003.

MILESTONE: NSEDC WILL ATTEND NORTH PACIFIC FISHERIES MANAGEMENT COUNCIL MEETINGS IN 2003-2005.

Activity: There were no NPFMC meetings held during the third quarter.

Fund for Purchase of Equity Interest

MILESTONE: NSIC WILL MAKE A REPORT TO THE BOARD OF DIRECTORS OF NSEDC AT EACH QUARTERLY NSEDC BOARD MEETING.

Activity: NSIC gave a report to the NSEDC Board of Directors at the 2003

second quarter meetings in July 2003.

MILESTONE: NSIC MANAGEMENT COMMITTEE WILL MEET AT LEAST ONCE EACH QUARTER

Activity: NSIC Management Committee met on July 23, 2003.

MILESTONE: NSIC WILL EVALUATE THE POTENTIAL FOR EQUITY INVESTMENT IN ONE OR MORE BERING SEA FISHING COMPANIES BY THE END OF THE FOURTH QUARTER OF EACH YEAR 2003 THROUGH 2005

Activity: Activity is ongoing.

MILESTONE: NSIC WILL TIMELY RESPOND TO ANY OFFER MADE UNDER A BUY/SELL AGREEMENT IN INVESTMENTS TO WHICH NSIC IS A PARTY

Activity: No buy-sell offers were made during the third quarter of 2003.

MILESTONE: NSIC WILL ATTEND ALL REGULAR AND SPECIAL MEETINGS OF THE OWNERS FOR COMPANIES IN WHICH NSIC HAS A DIRECT OWNERSHIP INTEREST, OTHER THAN PASSIVE EQUITY INTEREST, AND A RIGHT TO ATTEND AND PARTICIPATE IN THE MEETING.

Activity: NSIC attended the GFC quarterly meeting on September 18, 2003.

MILESTONE: NSIC WILL INCREASE ITS LEVEL OF EQUITY INVESTMENT IN THE FISHING INDUSTRY BY THE END OF THE 4^{TH} QUARTER 2005

Activity: No new NSIC equity investments in the fishing industry were

consummated in the third quarter 2003.

Funding for Harvesting and Tendering Vessel

MILESTONE: NSIC WILL EVALUATE THE POTENTIAL FOR INVESTMENT IN ONE OR MORE BERING SEA FISHING VESSELS BY THE END OF THE FOURTH QUARTER OF EACH YEAR 2003 THROUGH 2005

Activity: Activity is ongoing.

MILESTONE: NSIC WILL TIMELY RESPOND TO ANY OFFER MADE UNDER A BUY/SELL AGREEMENT IN INVESTMENTS TO WHICH NSIC IS A PARTY

Activity: No buy-sell offers were made during the third quarter of 2003.

MILESTONE: NSIC WILL ATTEND ALL REGULAR AND SPECIAL MEETINGS OF THE OWNERS FOR COMPANIES IN WHICH NSIC HAS A DIRECT OWNERSHIP INTEREST, OTHER THAN PASSIVE EQUITY INTEREST, AND A RIGHT TO ATTEND AND PARTICIPATE IN THE MEETING

Activity: NSIC attended the GFC quarterly meeting on September 18, 2003.

MILESTONE: NSIC WILL HAVE AN INTEREST IN ONE OR MORE ADDITIONAL HARVEST VESSELS BY THE END OF THE FOURTH QUARTER 2005.

Activity: Activity is ongoing.

Fund for IFQ Purchases

MILESTONE: NSIC WILL EVALUATE THE POTENTIAL FOR ACQUISITION OF ADDITIONAL QUOTA SHARE BY THE END OF THE FOURTH QUARTER OF EACH YEAR 2003 THROUGH 2005, AND WILL ACQUIRE ADDITIONAL QUOTA SHARE BY THE END OF THE FOURTH QUARTER 2005

Activity: NSIC evaluated both halibut quota shares and IFQ quota shares

during the first quarter of 2003.

MILESTONE: NSIC WILL PUT THE IFQ IT OWNS OUT FOR HARVEST, AND HARVEST AS MUCH AS REASONABLY POSSIBLE BY THE END OF THE FOURTH QUARTER EACH YEAR

Activity: Activity is ongoing.

<u>Education, Employment and Training Program – Education & Training Component</u>

MILESTONE: NSEDC WILL HAVE PROVIDED FISHERIES SKILLS TRAINING OPPORTUNITIES UNDER THIS CDP FOR 45 RESIDENTS OF THE REGION OR OF NEARBY COMMUNITIES BY THE END OF THE FOURTH QUARTER OF EACH YEAR.

Activity: No fisheries skills training took place during the third quarter of

2003.

MILESTONE: NSEDC WILL AWARD AT LEAST \$120,000 IN SCHOLARSHIPS TO STUDENTS BY THE END OF THE FOURTH QUARTER OF EACH YEAR.

Activity: NSEDC awarded \$78,121 to fifty-nine students in post-secondary

scholarships and \$6,250 to five students in vocational scholarships

in the third quarter of 2003.

MILESTONE: NSEDC EET PERSONNEL WILL MAKE OUTREACH VISITS FOR THIS PROGRAM TO AT LEAST FIVE COMMUNITIES IN THE REGION OR OF NEARBY COMMUNITIES BY THE END OF THE FOURTH QUARTER OF EACH YEAR.

Activity: No trips were made this quarter.

MILESTONE: NSEDC WILL EVALUATE AND FUND AT LEAST ONE K-12 SUPPORT PROGRAM/PROJECT BY THE END OF THE FOURTH QUARTER EACH YEAR.

Activity: NSEDC staff evaluated the possibility of providing financial

support for the development of a regional learning center in Nome, which is co-sponsored by the Bering Straits School District and the Nome Public School District, during the first quarter of 2003.

Education, Employment and Training Program - Employment Component

MILESTONE: NSEDC AND NSSP WILL FACILITATE THE EMPLOYMENT OF 110 RESIDENTS OF THE REGION OR OF NEARBY COMMUNITIES ONTO FACTORY TRAWLERS, OTHER OFFSHORE FISHING VESSELS, NEAR-SHORE PROCESSORS AND FISHING VESSELS, AND IN SHORESIDE PROCESSING PLANTS BY THE END OF THE FOURTH QUARTER OF EACH YEAR

Activity: Thirty-two residents of member communities or of nearby communities received \$165,283.27 in crew share wages from

Glacier Fish Company during the third quarter.

Sixty-eight residents of member communities or of nearby communities received \$113,546.80 in wages working in the shoreside processing plants from NSSP during the third quarter.

Seven residents of member communities or of nearby communities received \$45,510 in wages working on the tender vessels during the third quarter.

MILESTONE: NSEDC EET PERSONNEL WILL MAKE OUTREACH VISITS FOR THIS PROGRAM TO AT LEAST FIVE COMMUNITIES IN THE REGION OR OF NEARBY COMMUNITIES BY THE END OF THE FOURTH QUARTER OF EACH YEAR.

Activity: No trips were made this quarter.

MILESTONE: NSEDC WILL PLACE AT LEAST SIX INTERNSHIPS IN OFFICE OR FIELD SETTINGS BY THE END OF THE FOURTH QUARTER EACH YEAR.

Activity: Twenty-one internship positions were sponsored by NSEDC at various organizations during the third quarter. The following is a list of the organizations, interns and internship positions.

NSEDC

• Leslie Richards, Administrative Intern (White Mountain)

NSEDC Salmon Rehabilitation & Enhancement Program

- Vaughn Munn, Fisheries Technician (Nome)
- Jared Miller, Fisheries Technician (Nome)
- John Mikulski, Fisheries Technician (Nome)
- Andrew Krenz, Fisheries Technician (Anaktuvuk Pass)

Glacier Fish Company

• Jeenean Ferkinhoff, Sales & Marketing Intern (White Mountain)

Nome District Attorney's Office

• Katie Morris, Legal Intern (White Mountain)

Kawerak, Inc.

- Scott Dunavin, Fisheries Technician (Nome)
- Cori Dunavin, Fisheries Technician (Nome)
- Mitch Dementieff, Fisheries Technician (Nome)
- Scott Dixon, Fisheries Technician (Nome)

ADF&G

- Rhonda Sparks, Herring Intern (Nome)
- Rhonda Sparks, Camp Coordinator Assistant (Nome)
- Chris Miller, Research/Nome Weir Intern (Nome)
- Kevin Strong, Kwiniuk River Tower Intern (Nome)
- Jack Adams, Niukluk River Tower Intern (White Mountain)

Bering Strait School District

- Deann Dickens, Clerical Assistant Intern (Unalakleet)
- Patrick Kotongan, Itinerant Technology Intern (Unalakleet)
- Ransom Bradley, Jr., Inventory Specialist Intern (Unalakleet)

Native Village of Unalakleet

- Jolene Nanouk, Fisheries Technician (Unalakleet)
- Jacob Ivanoff, Fisheries Technician (Unalakleet)

Education Endowment

MILESTONE: NSEDC WILL EVALUATE THE POSSIBILITY OF FUNDING THE EDUCATION, TRAINING, AND SCHOLARSHIP PROGRAM FROM EARNINGS OF THE EDUCATION, TRAINING, AND SCHOLARSHIP ENDOWMENT AND DEVELOP A SCHEDULE FOR DOING SO, BY THE END THE FOURTH QUARTER 2005.

Activity: No activity this quarter.

MILESTONE: NSEDC FINANCIAL ADVISORY COMMITTEE WILL REVIEW INVESTMENT PERFORMANCE AND ASSET ALLOCATION AT LEAST ONCE EACH QUARTER.

Activity: The NSEDC Financial Advisory Committee met and reviewed

investment performances on July 24, 2003.

Revolving Loan Program

MILESTONE: NSEDC WILL CONDUCT ANNUAL REVIEWS OF THE REVOLVING LOAN PROGRAM BY THE END OF THE 4^{TH} QUARTER EACH YEAR.

Activity: The NSEDC Financial Advisory Committee met and reviewed the

Revolving Loan Program on July 24, 2003.

MILESTONE: NSEDC FINANCIAL ADVISORY COMMITTEE WILL REVIEW THE REVOLVING LOAN PROGRAM PORTFOLIO QUARTERLY.

Activity: The NSEDC Financial Advisory Committee met and reviewed the

Revolving Loan Program on July 24, 2003.

Fisheries Development Program

MILESTONE: NSEDC WILL PREPARE A DETAILED PLAN TO CONDUCT FISHERIES DEVELOPMENT ACTIVITIES BY THE END OF THE SECOND QUARTER EACH YEAR.

Activity: A fisheries development plan for 2003 was completed by the

program manager for Norton Sound Fisheries Research and

Development during the first quarter.

MILESTONE: NSEDC WILL FUND AT LEAST ONE FISHERY DEVELOPMENT PROJECT BY THE END OF THE FOURTH QUARTER EACH YEAR.

Activity: NSEDC Norton Sound Fisheries Research and Development

Program conducted a Blue king crab experimental fishery project in

Diomede during the first quarter.

Salmon Rehabilitation and Enhancement Program

MILESTONE: NSEDC WILL PREPARE A DETAILED PLAN TO FUND SALMON REHABILITATION AND ENHANCEMENT PROJECTS BY THE END OF THE SECOND QUARTER OF EACH YEAR.

Activity: A salmon rehabilitation and enhancement plan for 2003 was

completed by the program manager for Norton Sound Fisheries

Research and Development during the first quarter.

MILESTONE: NSEDC WILL FUND AT LEAST ONE SALMON REHABILITATION AND ENHANCEMENT PROJECT BY THE END OF THE FOURTH QUARTER OF EACH YEAR.

Activity: Norton Sound Fisheries Research and Development began three

projects during the second quarter: Juvenile Coho Production & Distribution Project, Juvenile Chum Ecology Project and the Chum & Coho Fecundity Project. In addition to these three projects NSEDC funded fisheries projects with ADF&G, Kawerak, Inc.,

Native Village of Unalakleet, and the Bureau of Land Management.

Shoreside Infrastructure Improvements Program

MILESTONE: NSEDC WILL EVALUATE AT LEAST TWO SITE-SPECIFIC SHORESIDE INFRASTRUCTURE IMPROVEMENT PROJECTS EACH YEAR

Activity: The Shoreside Infrastructure Improvements Program evaluated the

White Mountain Fisheries Disaster Project, Golovin Fisheries Disaster Project and the Native Village of Unalakleet Seafood Processing Plant Upgrade Project during the first quarter.

MILESTONE: NSEDC WILL MAKE ALL APPROVED CONTRIBUTIONS TO THE NOME NAVIGATION IMPROVEMENTS PROJECT IN A TIMELY FASHION.

Activity: The 2003 contribution to the Nome Navigation Improvements

Project was made to the City of Nome on June 27, 2003.

CDQ Fees

MILESTONE: NSEDC WILL MAKE ANY REQUIRED PAYMENTS OF CDQ FEES WITHIN 60 DAYS OF THE END OF THE QUARTER IN WHICH THEY ARE DETERMINABLE

Activity: The NSEDC payment for the 2003 CDQ fees to the State of Alaska

was made on June 10, 2003.

Norton Sound Seafood Products

MILESTONE: THE NSEDC BOARD WILL ACT UPON THE RECOMMENDATIONS OF NSSP NO LATER THAN THE END OF THE SECOND QUARTER EACH YEAR.

Activity: NSSP Management made their recommendations for the 2003 operations during the April board of director meetings in Nome.

MILESTONE: NSEDC OR AN NSEDC SUBSIDIARY WILL MARKET AT LEAST 50% (BY WEIGHT) OF THE CDQ CRAB ALLOCATED TO NSEDC BY THE END OF THE FOURTH QUARTER EACH YEAR.

Activity: This activity continues to be coordinated by NSEDC and Glacier Seafood International. Also, NSEDC recently established a joint venture arrangement with Royal Aleutian Seafoods for the processing and sales for NSEDC CDQ crab.

The CDQ Norton Sound red king crab harvested out of Nome is directly marketed by NSSP.

Norton Sound Vessel Management

MILESTONE: NORTON SOUND VESSEL MANAGEMENT WILL EVALUATE OPERATIONS IN THE REGION INCLUDING SUPPORT TO THE HERRING, SALMON, CRAB AND HALIBUT FISHERIES BY THE END OF THE SECOND QUARTER EACH YEAR

Activity: Norton Sound Vessel Management prepared, in conjunction with the NSSP 2003 Operations Plan, proposed operations for NSVM for the upcoming season. These plans were presented to the board at the meetings in April 2003 in Nome.

MILESTONE: THE NSEDC BOARD WILL ACT UPON THE RECOMMENDATIONS OF NORTON SOUND VESSEL MANAGEMENT NO LATER THAN THE END OF THE SECOND QUARTER EACH YEAR

Activity: Norton Sound Vessel Management prepared, in conjunction with the NSSP 2003 Operations Plan, proposed operations for NSVM for the upcoming season. These plans were presented to the board at the meetings in April 2003 in Nome.

Community Outreach Program

MILESTONE: PROVIDE STAFF SUPPORT AND FUNDING FOR THE PREVENTION OF ALCOHOL AND SUBSTANCE ABUSE BY THE END OF EACH YEAR.

Activity: During the third quarter meetings in October, staff presented and the board approved two Drug and Alcohol support programs which NSEDC will fund in 2003 and 2004. The first is funding support

for Drugs Aren't Wanted in Nome (funding provided in 2003) and the second is the BSSD and & NSD Drug & Alcohol Prevention Program to continue to be developed in 2003 and funded in 2004.

MILESTONE: DIRECTLY CONTACT AT LEAST 30 INDIVIDUALS EACH QUARTER REGARDING THE AVAILA BILITY OF NSEDC'S TRAINING AND SCHOLARSHIP PROGRAMS.

Activity: Sixty-four applicants received scholarships during the third quarter

and at least fifteen potential trainees were contacted regarding the upcoming Fisheries Safety Orientation Class in October during the

third quarter.

Other Fund Management

MILESTONE: NSEDC FINANCIAL ADVISORY COMMITTEE WILL REVIEW INVESTMENT PERFORMANCE AND ASSET ALLOCATION AT LEAST ONCE EACH QUARTER.

Activity: The NSEDC Financial Advisory Committee met and reviewed

investment performance and asset allocation on July 24, 2003.

MILESTONE: NSEDC AND NSIC WILL PROVIDE INVESTMENT OVERSIGHT AND MONITORING OF ALL INCOME-PRODUCING INVESTMENTS DURING EACH OUARTER.

Activity: NSEDC and NSIC monitored all income-producing investments

during the third quarter and presented a report to the board at the NSIC Management Committee meeting and the NSEDC Financial

Advisory Committee meeting in October.

Board Training

MILESTONE: THE NSEDC BOARD OF DIRECTORS WILL ATTEND AN ANNUAL RETREAT FOR THE PURPOSE OF BOARD TRAINING BY THE END OF THE 4TH QUARTER EACH YEAR.

Activity: No activity this quarter.

Substance Abuse Prevention

MILESTONE: NSEDC WILL CONTINUE TO FOLLOW THE SUBSTANCE ABUSE POLICIES OUTLINED IN OUR PERSONNEL POLICIES.

Activity: NSEDC continued to follow the substance abuse policies during the

third quarter.

MILESTONE: NSEDC WILL SCREEN ALL APPLICANTS FOR EMPLOYMENT POSITIONS WITHIN THE SEAFOOD INDUSTRY FOR DRUG-FREE STATUS.

Activity: NSEDC and GFC continued to screen all applicants for training and

seafood industry employment opportunities during the third quarter.

MILESTONE: NSEDC WILL MAKE A GRANT TO EACH SCHOOL DISTRICT THAT FALLS WITHIN OUR MEMBER COMMUNITIES TO AID IN FUNDING AN ABUSE PREVENTION PROGRAM/CURRICULUM.

Activity: No activity this quarter.

Community Benefit Share

MILESTONE: THE NSEDC BOARD WILL DECLARE A COMMUNITY BENEFIT SHARE BY THE END OF THE THIRD QUARTER OF EACH YEAR.

Activity: No activity this quarter.

MILESTONE: NSEDC WILL TRANSMIT FUNDS TO EACH COMMUNITY THAT ACCEPTS THE TERMS OF THE COMMUNITY BENEFIT SHARE WITHIN 45 DAYS OF NSEDC'S NOTIFICATION OF THE ACCEPTANCE.

Activity: No activity this quarter.

A. Outreach

NSEDC management and staff performed a number of outreach projects/activities during the third quarter of 2003.

- NSEDC Board of Directors held their 2003 second quarter meetings in Nome on July 23 25 at the Bering Straits Native Corporation Board room, these meetings were open to the public.
- NSEDC Board of Directors notified residents of the 2003 second quarter meeting by placing an ad in the Nome Nugget Newspaper.
- The 2003 second quarter reports were mailed out to each member community city office, NSEDC Board of Director and Community Outreach Liaison.
- NSEDC produced a NSEDC Newsletter that was sent to every box holder in our member communities.
- NSEDC placed a number of newspaper advertisements during the third quarter, please see the attachments to this report.
- NSEDC has Community Outreach Liaisons in thirteen of our member communities with the EET office and the NSSC office serving the communities of Unalakleet and Nome, respectively. The NSEDC liaisons are sent informational fliers, applications, and other various information to disseminate to residents in their communities.
- NSEDC has a web page on the internet (www.nsedc.com) in which constituents can access quarterly reports, newsletters, applications, and information regarding opportunities with NSEDC.

B. Employment

Employment Data Form

Table 1
EMPLOYMENT DATA FORM
September 30, 2003

	Quarter		Year-to-Date	
	People	Wages	People	Wages
Management/Administrative		. 3		
NSEDC	4	\$59,257.32	9	\$117,724.62
NSSP	5	\$64,664.20	14	\$176,719.31
Total Management/Administrative	9	\$123,921.52	23	\$294,443.93
CDQ Pollock Related				
A/B Season	0	\$0.00	49	\$480,764.71
C/D Season	30	\$159,608.92	30	\$159,608.92
Total Pollock Related	30	\$159,608.92	79	\$640,373.63
NSSP Employment	68	\$113,546.80	79	\$126,529.85
Other NSEDC Employment				
Skippers, Deckhands, etc.	7	\$45,510.00	9	\$46,135.00
Total Other NSEDC Empl.	7	\$45,510.00	9	\$46,135.00
Other Fishing				
GFC - Longline	2	\$5,674.35	6	\$34,863.96
Icicle Seafoods	2	\$16,685.57	6	\$34,237.98
Norton Sound Herring	0	\$0.00	25	\$40,399.43
Norton Sound Salmon	29	\$66,542.25	29	\$66,542.25
CDQ Norton Sound Red King Crab	6	\$24,681.00	15	\$31,461.00
O/A Norton Sound Red King Crab	21	\$536,313.00	21	\$536,313.00
CDQ 4D/4E Halibut	9	\$161,872.00	9	\$161,872.00
O/A Norton Sound Winter Red King Crab	0	\$0.00	22	\$31,472.75
Total Other Fishing	69	\$811,768.17	133	\$937,162.37
NSEDC Community Outreach Liaisons	13	\$19,500.00	41	\$58,500.00
Interns				
NSEDC Administration	1	\$4,441.42	5	\$10,952.27
NSEDC Salmon Rehab.	4	\$26,689.73	9	\$54,765.68
Glacier Fish Company	1	\$7,655.55	2	\$9,424.25
Alaska Dept of Fish & Game	5	\$41,075.28	10	\$45,356.87
Kawerak, Inc - Fisheries	4	\$48,478.27	8	\$50,210.11
Nome District Attorney's Office	1	\$4,227.74	2	\$7,574.61
Hageland Aviation - Unalakleet	0	\$0.00	1	\$967.50
Bering Strait School District	3	\$31,722.19	3	\$31,722.19
Native Village of Unk - Enumeration	2	\$14,540.12	2	\$14,540.12
Total Interns	21	\$132,567.99	42	\$179,251.29
GRAND TOTALS	217	\$1,406,423.40	406	\$2,282,396.07
	NSEDC =	\$256,835.31	NSEDC =	\$401,610.91
	NSSP =	\$967,619.25	NSSP =	\$1,171,309.59
	Partners =	\$181,968.84	Partners =	\$709,475.57

Employment Summary

Management/Administrative – Nine employees were employed by NSEDC/NSSP at various offices in the region, and nine employees were employed in the administrative offices in Anchorage during the third quarter.

CDQ Pollock – Glacier Fish Company paid wages to 30 residents of NSEDC member communities or nearby communities who were employed aboard the *F/V Northern Glacier* and the *F/V Pacific Glacier* during the third quarter.

Community Breakdown: 5 employees from Stebbins

4 employees from Mountain Village

3 employees from Unalakleet

1 employee from White Mountain

2 employees for Kaltag

4 employees from Anchorage

1 employee from St. Michael

1 employee from Shaktoolik

4 employees from Shishmaref

2 employees from Nome

3 employees from Elim

NSSP Employment – Sixty-eight residents were employed by NSEDC/NSSP at NSSP regional facilities in the region during the third quarter.

Community Breakdown: 31 employees from Nome

36 employees from Unalakleet

1 employee from Teller

Other Fishing – Two residents of member communities or of nearby communities were employed by Glacier Fish Company aboard the *F/V Norton Sound* during the third quarter.

Community Breakdown: 1 employee from Nome

1 employee from Shaktoolik

Twenty-nine fishermen participated in the Norton Sound salmon fishery delivering to NSEDC/NSSP in the third quarter.

Community Breakdown: 9 fishermen from Shaktoolik

Six fishermen participated in the CDQ Norton Sound red king crab fishery and delivered their harvests to the Norton Sound Seafood Center in Nome during the third quarter.

Community Breakdown: 3 fishermen from Nome

2 fishermen from Unalakleet 1 fisherman from Shaktoolik Twenty-one fishermen participated in the open access Norton Sound red king crab fishery delivering to the Norton Sound Seafood Center in Nome during the third quarter

Community Breakdown: 2 fishermen from Elim

1 fisherman from Big Lake
7 fishermen from Nome
1 fisherman from Kotlik
2 fishermen from Shaktoolik
1 fisherman from Naknek
1 fisherman from Petersburg
1 fisherman from Teller
5 fishermen from Unalakleet

Nine fishermen participated in the CDQ 4D/4E Halibut fishery delivering to the Norton Sound Seafood Center in Nome during the third quarter.

Community Breakdown: 1 fisherman from Elim

1 fisherman from Shaktoolik 1 fisherman from Unalakleet 6 fishermen from Nome

NSEDC Community Outreach Liaisons – Fifteen residents filled the thirteen liaison positions during the third quarter.

Community Breakdown: 1 liaison from St. Michael

2 liaisons from Stebbins 2 liaisons from Shaktoolik 1 liaison from Koyuk

1 liaison from Golovin

1 liaison from White Mountain 1 liaison from Brevig Mission

1 liaison from Teller 1 liaison from Wales 1 liaison from Diomede 1 liaison from Savoonga 1 liaison from Gambell 1 liaison from Elim

Interns – Twenty-one internship positions were sponsored by NSEDC at various Norton Sound organizations during the third quarter.

Community Breakdown: 4 interns from White Mountain

11 interns from Nome

1 intern from Anaktuvuk Pass 5 interns from Unalakleet

C. **Training**

Training Data Form

Table 2 TRAINING DATA FORM **September 30, 2003**

	Quarter		Year-to-Date	
	People	Expenditures	People	Expenditures
Scholarships				
Post-Secondary	59	\$78,121.00	147	\$186,558.00
Vocational	7	\$6,250.00	20	\$27,000.00
Voc-Tech				
Basic				
Advanced				
Other Training				
Fisheries Related			21	\$67,858.63
Student Loans				
CDQ Staff				
CDQ Board				
Other				
Other Expenditures				
To Education Institute				
Education Endowment				
TOTAL	66	\$84,371.00	188	\$281,416.63

Training Summary

${\bf Scholar ships} -$

Post-Secondary – Fifty-nine students received post-secondary scholarships in the third quarter.

Community Breakdown: 29 students from Nome

15 students from Unalakleet

1 student from Gambell 3 students from Elim

2 students from White Mountain

1 student from Golovin

3 students from Shishmaref

2 students from Wales

1 student from Teller

2 students from Stebbins

Vocational - Seven students received vocational scholarships in the third quarter.

Community Breakdown: 2 students from Nome

1 student from Shaktoolik 1 student from White Mountain 3 students from Unalakleet

III. Administration

A. Board Activities

Board of Director Meetings

The NSEDC Board of Directors held their 2003 second quarter meetings in Nome on July 24 - 25, 2003, with the standing committees meeting on the 23^{rd} and 24^{th} .

Substantial Decisions

During the third quarter the following items were approved by the NSEDC Board of Directors: approval to increase the amount of funding from \$100,000 to \$275,000 for the Golovin Shoreside Support Project and submit an amendment to the CDP outlining this increase; approval to produce an NSEDC Infomercial; the full board decided not to appeal the decision by the State of Alaska for NSEDC not to fund the Regional Learning Center; approval to appeal to the National Marine Fisheries Service on their decision to not allow NSEDC to contribute funding to the Native Village of White Mountain and the Chinik Eskimo Community Multi-purpose building projects both in the amount of \$250,000 from the Second Generation Funds

Board Meeting Minutes

Please see Attachment 13

B. State of Alaska Reporting Compliance

NSEDC complied with all State of Alaska requirements during the third quarter.

C. Amendment Status

Amendments to the 2003-2005 Multi-species Community Development Plan (CDP) related to CDQ harvest management that were submitted during the third quarter are listed below:

• CDP amendment 03-10NS: This technical amendment proposed to add the F/V Shemya to the list of vessels eligible to harvest the NSEDC CDQ and the Trident Seafoods Corporation processing plant in Akutan to the list of eligible processors. This amendment was approved by NMFS.

- CDP amendment 03-11NS: This technical amendment proposed to transfer 10.0 mt of annual CDQ of other flatfish in the BSAI from YDFDA to NSEDC. I understand that although this amount of proposed transfer exceeds 10% of the allocation of other flatfish CDQ to YDFDA, we are able to now process this transfer through a technical amendment. This amendment was approved by NMFS.
- CDP amendment 03-12NS: This technical amendment proposed to transfer 5.0 mt of annual CDQ of other flatfish in the BSAI from APICDA to NSEDC. The CDQ transfer form is attached to this letter. This amendment was approved by NMFS.

IV. Harvesting Report

A. Pollock and Multi-species CDQ Harvest Activities by Target Fishery

See the following tables below:

Table 3:	MS CDQ/PSQ Account Status Report 2003
Table 4:	Pollock Target Fishery
Table 5:	Pacific Cod Target Fishery
Table 6:	Atka Mackerel/Pacific Ocean Perch Target Fishery
Table 7:	Yellowfin Sole Target Fishery
Table 8:	Rock Sole Target Fishery
Table 9:	Flathead Sole Target Fishery
Table 10:	Bering Sea Greenland Turbot Target Fishery
Table 11:	Aleutian Islands Greenland Turbot Target Fishery
Table 12:	Bering Sea Sablefish Target Fishery
Table 13:	Aleutian Islands Sablefish Target Fishery
Table 14:	Halibut Harvest Activity
Table 15:	Crab Harvest Activity
Table 16:	CDQ Quota Transfers

Table 3 MS CDQ/PSQ ACCOUNT STATUS REPORT through Third Quarter 2003

Table 4 POLLOCK TARGET FISHERY (in metric tons)

Table 5 PACIFIC COD TARGET FISHERY (in metric tons)

Table 6 ATKA MACKEREL /PACIFIC OCEAN PERCH TARGET FISHERIES (in metric tons)

Table 7 YELLOWFIN SOLE TARGET FISHERY (in metric tons)

Table 8 ROCK SOLE TARGET FISHERY (in metric tons)

Table 9 FLAT HEAD SOLE TARGET FISHERY

Table 10 BERING SEA GREENLAND TURBOT FISHERY

Table 11 ALEUTIAN ISLANDS GREENLAND TURBOT TARGET FISHERY

Table 12 BERING SEA SABLEFISH TARGET FISHERY

Table 13 ALEUTIAN ISLANDS SABLEFISH TURBOT TARGET FISHERY

Table 14 HALIBUT HARVEST ACTIVITY

Table 15 CRAB HARVEST ACTIVITY

Table 16 CDQ QUOTA TRANSFERS

B. CDQ Fishing Activities

During the third quarter of 2003, NSEDC conducted CDQ fishing operations for Pacific cod, Greenland turbot and pollock in the Bering Sea, halibut in IPHC Area 4D and red king crab in Norton Sound. We did not conduct directed fishing operations for our other groundfish and crab during the quarter. Through the end of the quarter, NSEDC has harvested a total of 32,344 metric tons of annual CDQ including both target and bycatch species, representing approximately 85.5% of the available total allocation of annual groundfish CDQ.

A summary of the harvest of annual CDQ for the groundfish species by target fishery through the end of the third quarter is provided in Table 3. Harvest information for each of these target fisheries by quarter are provided in Tables 4-13, CDQ halibut in Table 14 and CDQ crab in Table 15.

Pollock

During the third quarter, NSEDC harvested 18,028 metric tons of CDQ pollock using the *F/V Pacific Glacier* and the *F/V Northern Glacier*. The *Northern Glacier* took 6,766 metric tons of CDQ pollock during five trips in forty-three fishing days between July 16 and September 30, and the *Pacific Glacier* caught 11,262 metric tons during five trips in forty-seven days of fishing between July 16 and September 18. The vessels fished for both coop/AFA pollock and CDQ pollock during these trips and days, alternating from one to the other depending on the make-up of the catch and available quota. The *Pacific Glacier* is finished with CDQ fishing but the *Northern Glacier* is still fishing. See Table 4 for a summary of the CDQ and PSQ harvest in the pollock fishery.

We have estimated that this harvest is worth over \$2.8 million in CDQ tonnage royalty payments to NSEDC. This estimate is based on the average dollar per metric ton value for all products and revenues that were provided by GFC and does not reflect actual payments.

Summary of bycatch: The bycatch rate of other CDQ fish species in the pollock target fishery during the third quarter in the B season was about 0.5% of the pollock harvest. The bycatch was made up of a mix of CDQ species including predominantly Pacific cod, arrowtooth flounder, other flatfish, flathead sole and other species. The bycatch rates of other (non-chinook) salmon were higher than the previous fishing period but under PSQ limits. Bycatch of chinook salmon and halibut were relatively low. Refer to Table 4 for additional detailed information.

Processing report: Products from B season processing of CDQ pollock included fillet blocks, surimi, a small amount of roe and mince.

Compliance/enforcement issues: To the best of our knowledge, the *Northern Glacier* and *Pacific Glacier* were in compliance with applicable federal and state

laws and regulations governing the fisheries in the Bering Sea and Aleutian Islands. There were no violations reported by NMFS Enforcement.

Pacific Cod

NSEDC harvested about 512 metric tons of Pacific cod in targeted CDQ fishing operations in the Bering Sea during the third quarter in the B season using the *F/V Norton Sound* and *F/V Glacier Bay*. The *Glacier Bay* harvested 17 mt of CDQ cod in seven days of a combined cod/halibut fishing trip just prior to the start of open access cod B season on August 15. The *Norton Sound* harvested about 495 mt of CDQ cod in thirty-one fishing days between July 1 and August 15. The lack of available annual CDQ of other species prevented the further harvest of our CDQ cod during this quarter. This combined harvest is worth roughly \$100,000 in royalty payments to NSEDC. See Table 5 for a summary of the CDQ and PSQ harvest in the cod target fishery.

Summary of bycatch: Bycatch in the Pacific cod target fishery primarily consisted of 'other species' including skate and sculpin, arrowtooth flounder and non-quota pollock, with smaller amounts of a variety of flatfish and rockfish. See the attached harvest summary in Table 3 for more detailed information.

Processing report: Products from our Pacific cod CDQ fishery were primarily headed and gutted, eastern-cut and western cut cod packaged and frozen in approximately 40-pound and 50-pound blocks.

Compliance/enforcement issues: To the best of our knowledge, the *Norton Sound* and *Glacier Bay* conducted CDQ Pacific cod fishing operations in compliance with applicable federal and state laws and regulations governing the fisheries in the Bering Sea and Aleutian Islands. There were no violations reported by NMFS Enforcement.

Sablefish

There was no directed harvest of CDQ sablefish during the third quarter.

Greenland Turbot

NSEDC harvested approximately 11 metric tons of Greenland turbot in the Bering Sea in targetted fishing operation during the quarter using the F/V *Glacier Bay.* See Tables 10 and 11.

Summary of bycatch: Bycatch in the BS turbot target fishery primarily consisted of 'other species' including skate and sculpin, arrowtooth flounder, sablefish and other rockfish. See the attached harvest summary in Table 10 for more detailed information.

Processing report: Products from our turbot CDQ fishery were primarily headed and gutted, fish, and heads.

Compliance/enforcement issues: To the best of our knowledge, the *Glacier Bay* conducted CDQ Pacific cod fishing operations in compliance with applicable federal and state laws and regulations governing the fisheries in the Bering Sea and Aleutian Islands. There were no violations reported by NMFS Enforcement.

Atka Mackerel

There was no directed harvest of CDQ Atka mackerel during the third quarter. NSEDC will commence targeted fishing operations for Atka mackerel during the fourth quarter of the year. See Table 6.

Yellowfin Sole and Rock Sole

There was no directed harvest of CDQ yellowfin sole, rock sole and/or other flatfish fisheries during the third quarter. Lack of available annual CDQ of other species prevented NSEDC from pursuing these CDQ fishing operations. NSEDC transferred 370.0 metric tons of CDQ yellowfin sole to APICDA for harvest by Cascade Fisheries. Most of this transferred quota was harvested during the second quarter and NSEDC will receive a royalty payment from Cascade Fisheries through APICDA. See Table 7, 8 and 9.

Halibut

NSEDC harvested 77,391 pounds of CDQ halibut in IPHC Area 4D during the quarter working with local fishermen and the *F/V Glacier Bay*. Nine local fishermen harvested and delivered 64,749 pounds of CDQ halibut to the Norton Sound Seafood Center in Nome in fifty-six deliveries between July 28 and September 29. Fishing in the region started slowly with only 9,200 pounds of halibut harvested and delivered to the Nome plant by the end of August. Fishing in the region continues into the fourth quarter.

The *Glacier Bay* harvested 12,642 pounds of halibut in a combination CDQ cod/halibut fishing trip just prior to the start of the open access cod B season on August 15. See Table 14.

Summary of bycatch: The *Glacier Bay* had bycatch of cod, other species and arrowtooth flounder during halibut fishing operations.

Processing report: NSSP processed the catch of CDQ red king crab at the NSSC located in Nome. The product was primarily sold as fresh cooked sections.

Compliance/enforcement issues: To the best of our knowledge, the *Glacier Bay* and local fishermen involved in the CDQ fishery operated in compliance with applicable federal and state laws and regulations governing the halibut fishery in Area 4D. There were no violations reported by NMFS Enforcement.

Bering Sea Opilio Crab

There was no directed harvest of CDQ opilio crab during the third quarter. The opilio crab fishery takes place during the first quarter of each year. See Table 15.

Norton Sound Red King Crab

Four local fishermen harvested and delivered 4,045 pounds of red king crab in the CDQ fishery in Norton Sound at the end of August. This CDQ crab was delivered to the NSSC in Nome. See Table 15.

Summary of bycatch: N/A

Processing report: NSSP processed the catch of CDQ red king crab at the NSSC located in Nome. The product was primarily sold as fresh cooked sections.

Compliance/enforcement issues: To the best of our knowledge, local fishermen involved in the CDQ fishery operated in compliance with applicable federal and state laws and regulations governing this fishery. There were no violations reported by NMFS Enforcement.

Bristol Bay Red King Crab

There was no harvest of CDQ red king crab in the Bristol Bay fishery during the third quarter. The annual CDQ of red king crab in this fishery allocated to NSEDC is estimated to be around 212,000 pounds – about a 65% increase in quota. The NSEDC will commence red king crab fishing operations after the open access harvest during the fourth quarter. See Table 15.

St. Matthew Blue King Crab

There was no harvest of CDQ king crab at St. Matthew during the third quarter. This commercial crab fishery is closed again to open access and CDQ harvest in 2003.

Bering Sea Bairdi Crab

There was no harvest of CDQ bairdi crab during the third quarter. This commercial crab fishery is closed again to open access and CDQ harvest in 2003.

V. Confidential Issues

A. Financial Statements

NSEDC Statement of Financial Position (Attachment 1)

NSEDC Statement of Activities (Attachment 2)

NSEDC Statement of Cash Flows (Attachment 3)

NSEDC Administrative Expense Schedule (Attachment 4)

NSEDC Budget to Actuals (Attachment 5)

NSEDC Species Royalty Analysis (Attachment 6)

Glacier Fish Company Report

Balance Sheet (Attachment 7)

Comparative Schedule of Operations (Attachment 8)

Statement of Cash Flows (Attachment 9)

Norton Sound Ventures LLC

Balance Sheet (Attachment 10)

Consolidated Income Statement (Attachment 11)

Statement of Cash Flows (Attachment 12)

In accordance with State of Alaska Statutes 6AAC93.070 (b), (c), and (d), NSEDC requests these and other documents marked "CONFIDENTIAL" be kept confidential and not released to the public or any other party.

B. Tax Issues

None

C. Imminent Major Investments

None, other than anything that NSEDC may have provided to the State of Alaska under a confidentiality petition.

D. Other

Also included as attachments to this report are the following items:

- NSEDC newspaper advertisements for the following:
 - o NSSC Marketing (Attachment 14)
 - o NSSC Marketing (Attachment 15)
 - o NSSC Marketing (Attachment 16)
 - o NSSC Marketing (Attachment 17)
 - o NSSC Marketing (Attachment 18)
 - o NSSC Marketing (Attachment 19)
 - o NSSC Marketing (Attachment 20)
 - o NSSC Marketing (Attachment 21)
 - o NSEDC Christmas Card Contest (Attachment 22)
 - o NSEDC Meeting Notice (Attachment 23)
 - o NSEDC Employment Opportunities (Attachment 24)